

LINCOLN PARK PUBLIC SCHOOLS
FINANCIAL REPORT
WITH SUPPLEMENTAL INFORMATION
JUNE 30, 2007

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A Professional Corporation

INDEPENDENT AUDITOR'S REPORT

Board of Education
Lincoln Park Public Schools

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Lincoln Park Public Schools, as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Lincoln Park Public Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Lincoln Park Public Schools as of June 30, 2007, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2007, on our consideration of Lincoln Park Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Education
Lincoln Park Public Schools

The management's discussion and analysis and budgetary comparison information on pages 3 through 13 and pages 38 and 39 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lincoln Park Public Schools' basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Hungerford & Co.

October 11, 2007

Lincoln Park Public Schools

1650 Champaign Street
Lincoln Park, Michigan 48146

Management Discussion and Analysis for the Fiscal Year Ended June 30, 2007

Lincoln Park Public Schools (School District), a K-12 School District located in Wayne County, Michigan, complies with the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). This section of the School District's annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2007. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Financial Highlights

Our financial statements provide these insights into the results of this year's operation.

The overall condition of the instructional activities funds remains extremely strong for the School District. All goals related to financial activities have been met and if revenue and expenditure patterns can be maintained, the resources for next year will be available.

Our total net assets (page 15) decreased (\$798,702) or 2.6% from the last fiscal year. The decreases are primarily due to the decrease in capital outlay expenditures for equipment due to budget constraints. Further, the increase in depreciation expenses of the assets purchased during the Bond Construction Program has resulted in a net decrease in assets for fiscal year 2007. The School District will continue to see its net assets decrease during the next several years until most of the assets purchased with the Capital Projects Fund (1996 through 2003) have been fully depreciated. Annual capital expenditures for assets minimally offset the annual depreciation from the major Bond Construction Program. The Sinking Fund (2005-2014) capital expenditures will offset the depreciation expenses in future years.

Total spending for all of our programs was \$57.9 million for the year. The School District's taxes and state categorical aid program funds were used to support the education programs for our students, kindergarten through twelfth grade, including building operations. All schools in the School District continue to be accredited by the North Central Association. The School District continued its expanded academic programs including the continuing of elementary-level media specialists, "traveling core academic" teachers that use a computer-assisted learning program, and the full-day Kindergarten program in all elementary schools. Prior year improvements have been retained. The School District, this year, purchased new Middle School Science textbooks and continued to work on aligning curriculum to the State Curriculum Framework. Further, significant efforts were contributed to monitor policies concerning student dress and attendance. The 2003-2004 high school Alternative Education program in Hamilton School continued to be an important program in 2006-2007. The 18-mill

operating property tax levy remained at the previously Headlee Rollback allowance of 17.2140 mills. In June 2006, the economic condition of the State's budget continued to be critical. Estimates were provided to schools that the per pupil State Aid could be cut by several hundred dollars. The \$6,875 per pupil Foundation Allowance of 2006 was increased to \$7,085 for 2007, an increase of \$210 per pupil. Primarily, costs related to staff degree adjustments, an increase in the retirement rate, and health insurance participation resulted in the current year expenditures in the General Fund to exceed current year revenue by \$2.5 million, or 6.5 percent. The School District's fund balance was sufficient to cover this current year expenditure overage. As the funding situation developed over the fiscal year, the School District made a concerted effort to preserve fund balance for anticipated increases in 2007-2008 and to retain an operational balance that would allow for the continuation of implemented programs. In June 2007, the State issued an \$839,313 credit to the District's retirement expenses for 2006-2007, through a State Aid adjustment process.

The fund balance of the Food Service Fund decreased \$6,968 or 1.9 percent. The major cause of the decrease in the fund balance is the increased cost of food, shipping, and supplies. Athletics and adult education continued to be funded by the General Fund to the extent that gate receipts and fees result in under-funding of these programs. Maintaining the School District's computer equipment to facilitate the expanding programs required expenditures in technology over \$381,000.

The District implemented after school tutoring in core curriculum content areas for elementary and middle school students. This successful tutoring program was aligned to the buildings' school improvement and North Central goals. Summer school programs served over 200 high school students. The addition of all-day kindergarten programs at all elementary schools increased the School District's kindergarten enrollment. However, total student enrollment decreased by 1.6 percent, from a blended count in 2005-2006 of 5,209.96 to 5,129.05 in 2006-2007.

Employee benefits through the General Fund were less than budgeted, due to the School District contracting substitute teachers and other personnel and self-insurance of health coverage. In other areas, the School District made a concerted effort to conserve resources, due to threats of pending additional cuts to State Aid. A Capital Projects Fund/Sinking Fund millage passed in 2004 for 1.5 mills beginning 2005 through 2014. This millage continues to provide revenues for much needed capital expenditures. In 2006-2007 over \$1.0 million was expensed from this fund for window renovations at Lincoln Park High School.

The School District reduced its outstanding long-term bond debt \$1.8 million or 4.9 percent. The School District also reduced its debt interest expense by refunding bonds on January 23, 2007. This refunding of 1996, 1997 and 1998 Bonds outstanding resulted in a savings of approximately \$691,000 (page 35). Previously, in June 2006, the School District entered into a defeasance transaction to prepay part of its Debt in advance. With this transaction, the School District reduced its total debt by \$4,450,000, which resulted in an economic gain. Further, refunding of bonds in 1997 and 1998 reduced the taxpayers' debt obligation by over \$2 Million.

Using This Annual Report

The School District's annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Lincoln Park Public School District financially as a whole. The district-wide Financial Statements

provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances

The fund financial statement provides the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant funds: the General Fund, Special Education Fund and Debt Service Fund; with all other funds presented in one column as nonmajor funds. Fund statements also may give some insight into the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds.

The remaining statement, the statement of fiduciary net assets, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

Our auditor has provided assurance in the independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Other Supplemental Information identified above, is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the financial section.

Reporting The School District As A Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the School District as a whole begins on page 14. One of the most important questions asked about the School District is, "Is the School District as a whole better off or worse off financially as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepared these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets – the difference between assets and liabilities, as reported in the Statement of Net Assets – as one way to measure the School District's financial health, or financial position. Over time, increases or decreases in the School District's net assets – as reported in the Statement of Activities – are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses indicates the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the School District.

The Statement of Net Assets and Statement of Activities report the governmental activities for the School District, which encompass all of the School District's services, including

instruction, supporting services, community services, athletics and food services. Property taxes, unrestricted state aid (foundation allowance revenue) and state and federal grants finance most of these activities

Government Activities – All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation. Most of the School District's activities are supported by property taxes, state foundation and categorical grants and state and federal grants. The recent good health of the School District's finances can be credited both to the School District's Capital Projects program and innovative management changes:

- Efficiency in space utilization included renting LeBlanc School to the Wayne Regional Education Services Agency (WayneRESA) for a Visually Impaired Center Program and offices in the Administrative Building to a private enterprise, brought additional revenue to the School District. In addition, Crowley Center provides space for the School District's Michigan School Readiness Program (MSRP)/Early Childhood. These programs are partially funded through the Michigan Department of Education (MDE) and prepare our children for kindergarten. The Horger School site is being utilized by the Vocational Education Department. The Building and Trades Class constructed a pole barn in 2006 and utilizes the building and the site for construction projects.
- The School District continues to operate a safe and efficient contracted school bus transportation system for special education and special trips (field trips, athletics and other special needs).

The School District as Trustee - Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its student activity funds. All of the School District's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table I provides a summary of the School District's net assets as of June 30, 2007.

TABLE 1

	Governmental Activities	
	(In Millions)	
<hr/>		
ASSETS		
Current	\$	20.3
Noncurrent Assets - Capital Assets		80.9
Less Accumulated Depreciation		(21.6)
		<hr/>
Total Assets	\$	79.6
		<hr/>
LIABILITIES		
Current Liabilities	\$	15.5
Noncurrent Liabilities		34.7
		<hr/>
Total Liabilities		50.2
		<hr/>
NET ASSETS		
Invested in Property and Equipment-Net of Related Debt		24.2
Restricted		2.2
Unrestricted		3.0
		<hr/>
Total Net Assets	\$	29.4

The above analysis focuses on the net assets (see Table 1). The change in net assets (see Table 2) of the School District's governmental activities is discussed below. The School District's net assets were \$29.4 million at June 30, 2007. Capital assets, net of related debt totaling \$24.2 million, compares the original cost, less depreciation of the School District's capital assets to long-term debt used to finance the acquisition of those assets. Net Assets restricted for Capital Projects/Sinking Fund is \$1.0 million. Net assets restricted for Debt Services is \$1.2 million. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use those net assets for day-to-day operations. The remaining amount of net assets, \$3.0 million, was unrestricted.

The \$3.0 million in unrestricted net assets of governmental activities represents the accumulated results of all past year's operations. The unrestricted net assets balance enables the School District to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the School District as a whole are reported in the statement of activities (Table 2), which shows the changes in net assets for fiscal years 2007 and 2006.

TABLE 2

	Governmental Activities (In Millions)	
	2007	2006
PROGRAM EXPENSE		
Functions/Program Expenses		
Instruction	\$ 25.4	\$ 24.9
Support Services	14.3	14.2
Capital Projects	1.0	0.2
Food Services	(0.1)	-
Athletics	0.6	0.6
Special Education	(5.1)	(3.0)
Interest on Long-Term Debt	1.9	2.1
Depreciation-Unallocated	1.6	1.5
Total Governmental Activities	39.6	40.5
GENERAL REVENUES		
Property Taxes - General Operating	3.7	3.4
Property Taxes - Debt Service	3.7	3.6
Property Taxes - Capital Projects	1.1	1.0
Other Taxes	0.1	0.1
State Aid Unrestricted	28.9	30.1
Interest on Investments	0.8	0.9
Bond Refunding	0.4	-
Other	0.1	0.1
Total	38.8	39.2
Decrease in Net Assets	\$ (0.8)	\$ (1.3)

As reported in the Statement of Activities, the cost of all of our governmental activities this year was \$57.9 million. Certain activities were partially funded from those who benefited from the programs (\$1.0 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$17.4 million). We paid for the remaining "public benefit" portion of our governmental activities with \$8.6 million in taxes, \$28.9 million in unrestricted state aid, and with our other revenues, i.e. interest and general entitlements.

As discussed above, the net cost shows the financial burden that was placed on the state and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of School District operating revenue sources, the Board of Education and Administration must annually evaluate the needs of the School District and balance those needs with state-prescribed available unrestricted resources.

The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$6.4 million, which is a decrease of \$1.4 million from last year. The primary reasons for the decrease are as follows:

In the General Fund, our principal operating fund, the fund balance decreased from \$5.7 million to \$3.6 million. The change is mainly due to:

- Contract adjustments due to staff changes and negotiated settlements.
- Increased costs associated with retirement rates and health insurance rates.
- Local tax millage rollback to 17.2140 from the 18-mill authorization, due to Headlee Provision.
- Decreased student enrollment.

The General Fund balance is available to fund costs related to allowable school operating purposes.

The School District operates a Special Education Center Program for WayneRESA with Act 18 funds. This Visually Impaired Program has expanded during the past year, both increasing expenditures and revenue. The Center Program increased approximately \$.5 million between 2006 and 2007, ending with a zero fund balance, as all funds received are expended on programs.

Our Nonmajor Governmental Funds increased from the prior year showing a net increase of \$138,086. This increase is reflected in the Sinking Fund balance of \$979,149. Whereas, the Cafeteria Fund had a slight decrease in fund balance.

The Debt Service Fund showed a fund balance increase of \$534,621. Previously, on June 20, 2006, the School District escrowed \$4,483,614 to advance refund a portion of the 1998 Refunding Bonds. As a result, the School District reduced its total debt by \$4,450,000, which resulted in an economic gain of \$1,295,512. In addition, the School District reduced the 6.5 mill debt levy of 2004-2005 to 5.0 mill debt levy for 2005-2006. The 1.5 mill reduction in the debt levy was to offset the 1.5 mill Sinking Fund levy voted in by the taxpayers beginning with the 2005 tax year (2005-2006 fiscal year). The Debt Levy remained at 5.0 mills for 2006-2007. The Board of Education annually establishes a debt millage rate to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Durant debt obligations are funded by annual state appropriation, and no fund balance exists at year-end. The Debt Service Fund balance is reserved since it can only be used to pay debt service obligations.

Capital Projects Fund/Sinking Fund

The Capital Projects Fund/Sinking Fund is a fund that receives its revenues from the 2005-2014, 1.5 Millage vote. The 2006-2007 fiscal year reflects expenditures in this fund. Major Lincoln Park High School window renovations have been accomplished with Sinking Fund revenues.

Special Education Fund

For the Special Education Fund (Center Program for Visually Impaired) the actual revenue was \$7.2 million. The Special Education Fund budgets are approved through Wayne Regional Educational Service Agency with the School District acting as fiscal agent. The School District operates a Center Special Education Program for the County's visually impaired students. The revenue for the program comes from a special education tax and State Aid revenue. When the tax is insufficient to meet the costs of the program, School Districts in the program must accept the cost of their students' education.

Increasing numbers of students and required services have pushed the Special Education Fund expenditures up approximately 7.3% from \$5.8 million to \$6.2 million. Total revenues were \$7.2 million and total expenditures equal the revenue with the inclusion of indirect costs. The revenue for the Center Program is from a Wayne County tax, Act 18 monies that are paid to the School District through the Wayne Regional Educational Service Agency (WayneRESA). The passage of an additional 1.5 mills in 2002 added much needed revenues for the Special Education Fund programs.

TOTAL DISTRICT REVENUES

The total revenues of the School District were \$56.7 million. All revenues were generated by governmental activities. Program specific revenues in the form of grants and Special Education revenues accounted for \$14.7 million or 25.92% of the total revenues of \$56.7 million.

GOVERNMENTAL FUND EXPENDITURES

In reviewing page 17, you will see that Special Education Center Program comprises 12.4% of all the expenditures within the governmental funds of the School District. As of June 30, 2007, we expended \$58.1 million on all of our programs. We also had a net loss in fund balance of \$1.4 million. This represents the ending balance for all funds of \$6,447,490 or 11.1% of current year expenditures. Of the \$6.4 million combined fund balance, \$1.5 million is for Debt Fund obligations; \$1.0 million is for Sinking Fund obligations; \$.4 million is for Cafeteria Fund obligations, leaving \$3.6 for all General Fund obligations. One has to remember, when reviewing this excess, that the School District made a committed effort to retain general fund revenues in excess of expenditures during the Bond Construction period to provide resources for the start-up of new buildings and programs. It is the goal of the Board of Education to maintain adequate resource flow in fund balance to eliminate the need to reduce current program offerings to the detriment of the students. This has been very successful during the construction period, and we have made excellent investments that have generated a considerable amount of additional revenue that would not otherwise have been available for program costs. At minimal, the School District expends an estimated \$224,000/day, or \$6.7 million/month. The fund balance of \$3.6 million is approximately one-half month's expenses. The School District should retain an operating fund balance of

approximately \$6.7 million (or one month's estimated expenses) for effective program administration.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was actually adopted in June 2007. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

There were significant revisions made to the 2006-2007 General Fund original budget. Budgeted State revenues were decreased \$1.8 million due to declining student enrollment which led to State Aid revenue adjustments.

Budget expenditures were decreased \$1.1 million to reflect changes in staff based on enrolled student population. The actual expenditures of the General Fund were \$41.3 million, below original budget estimates of \$44.1 million and the final amended budget of \$43.0 million. The differences between the actual expenditures and the original and final budgets was due to the School District's concerted efforts to reduce expenditures and innovative management. State funding of categorical programs continued to be higher than originally estimated and funded expenditures were transferred out of the General Fund in the revised budget. The School District administration prepared for bigger cuts in State Aid funding than were actually made. The School District anticipated building and maintenance expenses that were deferred due to the State's economic conditions. The District increased its participation in contracting substitute services to affect additional savings in 2006-2007.

The significant variance between the final budget and actual amounts occurred in the General Fund, Support Services Expenditures. This variance is a result of the increased grant funding for these activities and staff changes. Investment rate increases resulted in an increase in interest earnings on investments (local revenue). Staff changes resulted in a variance in expenditures in the Instructional Support Services expenditures. Both of these variances are beyond the School District's control. The Sinking Fund improvements offset, to some degree, the expenditures in Operations and Maintenance. There were no significant variances between the final budget and actual amounts in the remaining areas of the budgets.

General Fund had total revenues of \$39.2 million and total expenditures of \$41.3 million with an ending fund balance of \$3.6 million dollars.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Asset

At the end of fiscal year 2007, the School District had \$80.8 million invested in land and buildings, furniture and equipment, vehicles and technology. Of this amount \$21.6 million in depreciation has been taken over the years. We currently have net book value of \$59.2 million. This amount represents a net decrease (including additions, disposals, and depreciation) of approximately \$1.2 million or 2.0 percent from last year. Total additions for the year were \$.4 million, the majority of which were building renovations and equipment

purchases. It is indicated that our buildings will continue to require renovations, (such as roof, ceiling, tiles, carpet replacement) draining substantial resources from our General Fund, in the absence of capital projects revenue.

	<u>2007</u>	<u>2006</u>
Land (Not Depreciated)	\$ 310,000	\$ 310,000
Land Improvements	1,919,014	1,872,327
Building and Building Improvements	76,624,801	76,384,538
Vehicles Other Than Buses	255,339	197,609
Furniture and Equipment	<u>1,684,229</u>	<u>1,665,248</u>
Subtotal	<u>80,793,383</u>	<u>80,429,722</u>
Accumulated Depreciation		
Land Improvements	1,121,365	1,055,743
Building and Building Improvements	19,256,797	17,876,237
Vehicles Other Than Buses	166,359	147,220
Furniture and Equipment	<u>1,041,320</u>	<u>952,881</u>
Subtotal	<u>21,585,841</u>	<u>20,032,081</u>
Net Capital Assets	<u>\$ 59,207,542</u>	<u>\$ 60,397,641</u>

Debt

At the end of this year, the School District had \$35.0 million in General Obligation Bonds outstanding versus \$36.8 million in the previous year – a change of 4.9 percent.

The School District's general obligation bond rating is excellent. The state limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "Qualified Debt", i.e. debt backed by the State of Michigan, such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt of \$35.0 million is below this statutorily imposed limit.

Other obligations include accrued compensated absences. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2007-2008 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2008 fiscal year is 25 percent (versus 20 in 2004) and 75 percent (versus 80 in 2004) of the February 2007 and September 2007 student counts, respectively. This blended formula change effective in 2005 represents a decrease in State Aid revenue. The 2007-08 budget was adopted on June 19, 2007, based on an estimate of students that will be enrolled in September 2007. Approximately 85 percent of total General Fund revenue is from the foundation allowance. Under State law, the School District cannot assess additional property

tax revenue for general operations. As a result, School District funding is heavily dependent on the state's ability to fund local school operations. Based on early enrollment data at the start of the 2007-08 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2007-08 budget. Once final student count and related per pupil funding is validated, state law requires the School District to amend the budget if actual School District resources are not sufficient to fund original appropriations.

Effective with the 2005-2006 fiscal year, for the first time in its history of operation, Lincoln Park Public Schools offered all-day kindergarten programs. In 2006-2007 this program was expanded to all Lincoln Park elementary schools. This voluntary program benefits the residents of Lincoln Park and increases elementary enrollment. The program has been continued at this level for 2007-2008.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The State periodically holds a revenue-estimating conference to estimate revenues. Based on the results of the most recent conference, the State estimates funds are not sufficient to fund the appropriation. (The legislature must now revise the appropriation or proration of state aid will occur. The impact on the School District of the State's projected revenue shortfall is not known).

The Lincoln Park Public Schools is a community school district. Unlike many Downriver schools, Lincoln Park Public Schools continues to limit its education programs to Lincoln Park residents, providing a more personal approach to the learning process in a community atmosphere.

CONTACTING THE SCHOOL DISTRICT FINANCIAL MANAGEMENT

This report is designed to give an overview of the financial conditions of the Lincoln Park Public Schools. If you should desire additional detailed financial program audits they can be obtained by contacting the following person:

Kay E. Greene, Assistant Superintendent for Finance

Lincoln Park Public Schools

1650 Champaign Street

Lincoln Park, Michigan 48146

Fax 313-382-5314, Office Telephone (313-389-0200)

Or Email-greenek@lpark.k12.mi.us

LINCOLN PARK PUBLIC SCHOOLS

STATEMENT OF NET ASSETS

JUNE 30, 2007

**GOVERNMENTAL
ACTIVITIES**

ASSETS

CURRENT ASSETS

Cash in Bank	\$ 1,695,987
Investments	10,524,739
Receivables	
Property Taxes	678,574
Due From Other Governmental Units	7,279,622
Other	66,237
Inventories	<u>113,809</u>
Total Current Assets	<u>20,358,968</u>

NONCURRENT ASSETS

Capital Assets	80,793,383
Less: Accumulated Depreciation	<u>(21,585,841)</u>
Total Noncurrent Assets	<u>59,207,542</u>

TOTAL ASSETS

\$ 79,566,510

LIABILITIES AND NET ASSETS

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	\$ 1,033,048
Accrued Payroll and Related Liabilities	9,791,942
Accrued Interest	283,470
Other Liabilities	958,088
Deferred Revenue	128,400
Note Payable	2,000,000
Bonds Payable, Due Within One Year	1,280,000
Other Obligations, Due Within One Year	<u>12,500</u>
Total Current Liabilities	<u>15,487,448</u>

NONCURRENT LIABILITIES

Bonds Payable	33,700,000
Durant Bonds Payable	647,967
Compensated Absences	198,177
Workers' Compensation Liability	<u>110,000</u>
Total Noncurrent Liabilities	<u>34,656,144</u>

NET ASSETS

Invested in Capital Assets, Net of Related Debt	24,227,542
Restricted for Capital Projects	979,149
Restricted for Debt Services	1,204,505
Unrestricted	<u>3,011,722</u>
Total Net Assets	<u>29,422,918</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 79,566,510

See notes to financial statements.

LINCOLN PARK PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

	<u>PROGRAM REVENUES</u>			<u>GOVERNMENTAL ACTIVITIES NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS</u>
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS</u>	
FUNCTIONS/PROGRAMS				
Governmental Activities				
Instruction	\$ 28,267,821	\$ 71,335	\$ 2,794,428	\$ (25,402,058)
Support Services	16,661,565	336,158	2,055,873	(14,269,534)
Athletics	644,341	25,789	-	(618,552)
Cafeteria	1,636,902	559,663	1,185,139	107,900
Capital Projects	1,005,506	-	-	(1,005,506)
Special Education	6,248,001	-	11,343,872	5,095,871
Interest on Long-Term Debt	1,908,798	-	-	(1,908,798)
Depreciation - Unallocated	1,553,760	-	-	(1,553,760)
Total Governmental Activities	<u>57,926,694</u>	<u>992,945</u>	<u>17,379,312</u>	<u>(39,554,437)</u>
General Revenues				
Taxes				
Property Taxes Levied for General Operations				3,695,696
Property Taxes Levied for Debt Service				3,728,729
Property Taxes Levied for Capital Projects				1,079,095
Other Taxes				79,727
State Aid Unrestricted				28,889,340
Interest on Investments				791,662
Bond Refunding				405,000
Other				86,486
				<u>38,755,735</u>
Change in Net Assets				(798,702)
Net Assets, Beginning of Year				<u>30,221,620</u>
Net Assets, End of Year				<u>\$ 29,422,918</u>

See notes to financial statements.

LINCOLN PARK PUBLIC SCHOOLS
BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2007

	GENERAL	SPECIAL EDUCATION	DEBT SERVICE	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Cash Equivalents	\$ 1,458,071	\$ -	\$ 99	\$ 237,817	\$ 1,695,987
Investments	8,262,597	-	1,224,475	1,037,667	10,524,739
Receivables					
Property Taxes	352,984	-	252,461	73,129	678,574
Due From Other Governmental Units	6,106,055	437,302	-	736,265	7,279,622
Due From Other Funds	1,176,436	-	-	58,660	1,235,096
Other	46,828	-	10,940	8,469	66,237
Inventories	46,160	-	-	67,649	113,809
TOTAL ASSETS	\$17,449,131	\$ 437,302	\$1,487,975	\$ 2,219,656	\$ 21,594,064

LIABILITIES AND FUND BALANCES

LIABILITIES					
Accounts Payable	\$ 995,903	\$ -	\$ -	\$ 37,145	\$ 1,033,048
Accrued Payroll and Related Liabilities	9,791,942	-	-	-	9,791,942
Due to Other Funds	-	437,302	-	797,794	1,235,096
Other Liabilities	958,088	-	-	-	958,088
Deferred Revenue	74,820	-	-	53,580	128,400
Note Payable	2,000,000	-	-	-	2,000,000
Total Liabilities	13,820,753	437,302	-	888,519	15,146,574
FUND BALANCES					
Reserved for Investment in Capital Assets	-	-	-	979,149	979,149
Reserved for Debt Services	-	-	1,487,975	-	1,487,975
Unreserved and Undesignated	3,628,378	-	-	351,988	3,980,366
Total Fund Balances	3,628,378	-	1,487,975	1,331,137	6,447,490
TOTAL LIABILITIES AND FUND BALANCES	\$17,449,131	\$ 437,302	\$1,487,975	\$ 2,219,656	\$ 21,594,064

Total Governmental Fund Balances \$ 6,447,490

Amounts reported for governmental activities in the Statement of Net Assets are different because

Capital assets used in governmental activities are not financial resources and are not reported in the funds.

The cost of the capital assets is	\$ 80,793,383	
Accumulated depreciation is	(21,585,841)	59,207,542

Long-term liabilities are not due and payable in the current period and are not reported in the fund

Bonds Payable	(34,980,000)
Durant Bonds Payable	(647,967)
Compensated Absences	(210,677)
Self-insured Workers' Compensation Liability	(110,000)
Accrued interest is not included as a liability in governmental funds	(283,470)

Net assets of governmental activities \$ 29,422,918

See notes to financial statements.

LINCOLN PARK PUBLIC SCHOOLS

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2007

				OTHER NONMAJOR	TOTAL
	GENERAL	SPECIAL EDUCATION	DEBT SERVICE	GOVERNMENTAL FUNDS	GOVERNMENTAL FUNDS
REVENUE					
Local Sources	\$ 4,862,069	\$ 5,337,079	\$ 3,887,527	\$ 1,762,312	\$ 15,848,987
State Sources	33,212,737	1,887,197	-	1,962,593	37,062,527
Federal Sources	7,397	-	-	3,804,081	3,811,478
Total Revenue	<u>38,082,203</u>	<u>7,224,276</u>	<u>3,887,527</u>	<u>7,528,986</u>	<u>56,722,992</u>
EXPENDITURES					
Instruction	25,484,642	3,915,854	-	2,782,665	32,183,161
Support Service	15,071,575	2,332,147	-	5,199,993	22,603,715
Debt Service	-	-	3,352,906	-	3,352,906
Total Expenditures	<u>40,556,217</u>	<u>6,248,001</u>	<u>3,352,906</u>	<u>7,982,658</u>	<u>58,139,782</u>
Excess Revenue (Expenditures)	<u>(2,474,014)</u>	<u>976,275</u>	<u>534,621</u>	<u>(453,672)</u>	<u>(1,416,790)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds From Bond Refunding	-	-	10,600,000	-	10,600,000
Bond Premium	-	-	394,077	-	394,077
Payment to Refunded Bond Escrow Agent	-	-	(10,885,631)	-	(10,885,631)
Bond Discount	-	-	(35,722)	-	(35,722)
Bond Issuance Cost	-	-	(72,724)	-	(72,724)
Operating Transfers In	-	-	-	757,726	757,726
Operating Transfers Out	(757,726)	-	-	-	(757,726)
Indirect Cost Allocation	<u>1,142,243</u>	<u>(976,275)</u>	<u>-</u>	<u>(165,968)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>384,517</u>	<u>(976,275)</u>	<u>-</u>	<u>591,758</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	<u>(2,089,497)</u>	<u>-</u>	<u>534,621</u>	<u>138,086</u>	<u>(1,416,790)</u>
FUND BALANCE, Beginning	<u>5,717,875</u>	<u>-</u>	<u>953,354</u>	<u>1,193,051</u>	<u>7,864,280</u>
FUND BALANCE, Ending	<u>\$ 3,628,378</u>	<u>\$ -</u>	<u>\$ 1,487,975</u>	<u>\$ 1,331,137</u>	<u>\$ 6,447,490</u>

See notes to financial statements.

LINCOLN PARK PUBLIC SCHOOLS

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN

FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2007

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ (1,416,790)**

Amounts reported for governmental activities in the Statement of Activities are different because

Governmental funds reported capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	\$(1,553,760)	
Capital Outlay	363,661	(1,190,099)

Accrued interest is recorded in the Statement of Activities when incurred; it is not reported in governmental funds until paid	23,704
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Repayments of bond principal are expenditures in the governmental funds, but not in the Statement of Activities (where it reduces long-term debt)	1,380,000
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Refunding of bonds are an other financing use in the governmental funds, but not in the Statement of Activities (where it reduces long-term debt)	11,005,000
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Proceeds from a bond issue are an other financing source in the governmental funds, but not in the Statement of Activities (where it increases long-term debt)	(10,600,000)
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Increases in compensated absences are reported as expenditures when financial resources are used in the governmental funds	<u>(517)</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ (798,702)</u>
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See notes to financial statements.

LINCOLN PARK PUBLIC SCHOOLS

STATEMENT OF NET ASSETS

FIDUCIARY FUNDS

JUNE 30, 2007

	AGENCY FUNDS - <u>STUDENT ACTIVITIES</u>
ASSETS	
Cash in Bank	\$ <u>266,500</u>
LIABILITIES	
Due to Student and Other School Groups	\$ <u>266,500</u>

See notes to financial statements.

LINCOLN PARK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Lincoln Park Public Schools (the "School District") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate, component units of the School District. Based on the application of the criteria, the School District has no component units.

District-Wide and Fund Financial Statements

The district-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the School District's district-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

District-Wide Statements - The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

LINCOLN PARK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund-Based Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures related to compensated absences are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The fiduciary fund statement is also reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following major governmental funds:

The General Fund is the School District's primary operating fund. It accounts for all financial resources of the School District, except those required to be accounted for in another fund.

The School District operates a Center Program for Special Education pupils from several districts in programs for the visually impaired. This program is partially funded from the Wayne County Act 18 tax revenues through the area intermediate school district, Wayne County Regional Educational Service Agency (WCRESA). Other funding for this program is assessed to the student's resident district by WCRESA. In 2006-2007, the School District provided educational services in LeBlanc School to 94 visually impaired, autistically impaired or severely mentally impaired students.

The Debt Service Fund is used to record tax, interest and other revenue for payment of interest, principal and other expenditures on the bond issues.

Additionally, the School District reports the following fund types:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The School Service Funds are Special Revenue Funds that segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. The School District maintains full control of these funds. The School Service Funds maintained by the School District are the Athletic Fund, Cafeteria Fund and Funded Projects Fund.

Capital Project Funds are used to record General Fund transfers or other revenue and the disbursement of monies specifically designated for acquiring improvements and technology equipment. The funds are kept open until the purpose for which the fund was created has been accomplished.

Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent. Fiduciary Fund net assets and results of operations are not included in the district-wide statements. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

LINCOLN PARK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The School District presently maintains a Student Activities Fund to record the transactions of student and parent groups for school and school-related purposes. The funds are segregated and held in trust for the students and parents.

As a general rule, the effect of interfund activity has been eliminated from the district-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; and (2) operating grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted State Aid.

Assets, Liabilities and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds".

All property tax and other trade receivables are shown as net of allowance for uncollectible amounts. Property taxes are assessed on all real and personal property in the City of Lincoln Park as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are billed on July 1 for approximately 50 percent of the taxes and on December 1 for the remainder of the property taxes. The final collection date is February 28, after which penalties and interest are assessed and the total uncollected obligation is added to the Wayne County delinquent tax rolls.

The State of Michigan utilized a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The state portion of the foundation is provided from the state's School Aid Fund and is recognized as revenue in accordance with state law and accounting principles generally accepted in the United States of America.

The School District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain categorical funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both district-wide and fund financial statements.

LINCOLN PARK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets - Capital assets, which include land, buildings, equipment and vehicles are reported in the applicable governmental column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure type assets.

Buildings, equipment and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20-50 years
Buses and other vehicles	5-15 years
Furniture and other equipment	5-20 years

Compensated Absences - The liability for compensated absences reported in the district-wide statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Long-Term Obligations - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets.

Fund Balance - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data - Comparative total data is not included in the School District's financial statements.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the general, special education, capital projects and special revenue funds. All annual appropriations lapse at fiscal year end. Annual operating budgets are adopted each fiscal year through approval of an annual budget ordinance and amended as required for all fund types. The same basis of accounting is used to reflect actual revenues and expenditures recognized on a generally accepted accounting principle basis.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits districts to amend their budgets during the year. The last amendment to the budget was adopted on June 19, 2007.

LINCOLN PARK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g. purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the School District incurred expenditures in certain budgeted funds, which were in excess of the amounts appropriated, as follows:

<u>Fund</u>	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund - Instruction - Added Needs	\$ 3,892,464	\$ 3,966,041	\$ (73,577)
General Fund - Supporting Services - Pupil Transportation	790,000	869,000	(79,000)
Special Education Fund	6,112,145	6,248,001	(135,856)
Capital Projects Fund	631,688	1,005,506	(373,818)

NOTE 3 – CASH AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the School District to make deposits and invest in the accounts of federally insured banks, credit unions and savings and loan associations that have an office in Michigan. The School District is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

LINCOLN PARK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 3 – CASH AND INVESTMENTS (Continued)

The Board of Education has designated several banks for the deposit of School District funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in 1) bonds, bills or notes of the United States, or obligations the principal and interest of which are fully guaranteed by the United States Government; 2) certificates of deposit issued by any state or national bank organized and authorized to operate a bank in this state; 3) commercial paper rated prime at the time of purchase and maturing not more than 270 days from date of purchase; 4) certificates of deposit or share certificates of state or federal credit unions organized and authorized to operate in this state, but not the remainder of State statutory authority as listed above.

The School District's deposits and investment policy are in accordance with statutory authority.

At year-end, the School District's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash in Demand Accounts	\$ 1,695,987	\$ 266,500	\$ 1,962,487
Bank Money Market Fund	<u>10,524,739</u>	<u>-</u>	<u>10,524,739</u>
Total	<u>\$ 12,220,726</u>	<u>\$ 266,500</u>	<u>\$ 12,487,226</u>

The breakdown between deposits and investments for the School District is as follows:

Deposits (Checking and Savings Accounts)	\$ 1,962,487
Investments	<u>10,524,739</u>
Total	<u>\$ 12,487,226</u>

The bank balance of the School District's deposits is \$13,560,867 of which \$300,000 is covered by federal depository insurance.

Investments are normally categorized to give an indication of the level of risk assumed by the School District; however, bank investment pools and interlocal agreement investment pools are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes the investments in the funds comply with the investment authority noted above.

LINCOLN PARK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 4 – RECEIVABLES

Receivables as of year-end for the School District's individual major and non-major funds and fiduciary funds in the aggregate, are as follows:

	<u>General Fund</u>	<u>Special Education Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables					
Property Taxes	\$ 352,984	\$ -	\$ 252,461	\$ 73,129	\$ 678,574
Other Governmental Units	6,106,055	437,302	-	736,265	7,279,622
Other Funds	1,176,436	-	-	58,660	1,235,096
Other	<u>46,828</u>	<u>-</u>	<u>10,940</u>	<u>8,469</u>	<u>66,237</u>
Net Receivables	<u>\$ 7,682,303</u>	<u>\$ 437,302</u>	<u>\$ 263,401</u>	<u>\$ 876,523</u>	<u>\$ 9,259,529</u>

There are no applicable allowances for uncollectible accounts.

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Payments Received Prior to Meeting all Eligibility Requirements		
Grants and Categorical Aid Payments	\$ -	\$ 128,400

LINCOLN PARK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 5 – CAPITAL ASSETS

Capital asset activity of the School District's Governmental activities for the current year was as follows:

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Disposals and Adjustments</u>	<u>Balance June 30, 2007</u>
Capital Assets Not Being Depreciated				
Land	\$ 310,000	\$ -	\$ -	\$ 310,000
Capital Assets Being Depreciated				
Land Improvements	1,872,327	46,687	-	1,919,014
Building and Building Improvements	76,384,538	240,263	-	76,624,801
Vehicles Other Than Buses	197,609	57,730	-	255,339
Furniture and Equipment	1,665,248	18,981	-	1,684,229
Subtotal	<u>80,119,722</u>	<u>363,661</u>	<u>-</u>	<u>80,483,383</u>
Accumulated Depreciation				
Land Improvements	1,055,743	65,622	-	1,121,365
Building and Building Improvements	17,876,237	1,380,560	-	19,256,797
Vehicles Other Than Buses	147,220	19,139	-	166,359
Furniture and Equipment	952,881	88,439	-	1,041,320
Subtotal	<u>20,032,081</u>	<u>1,553,760</u>	<u>-</u>	<u>21,585,841</u>
Net Capital Assets Being Depreciated	<u>60,087,641</u>	<u>(1,190,099)</u>	<u>-</u>	<u>58,897,542</u>
Net Capital Assets	<u>\$ 60,397,641</u>	<u>\$(1,190,099)</u>	<u>\$ -</u>	<u>\$ 59,207,542</u>

Depreciation expense was not charged to activities, as the School District considers its assets to impact multiple activities and allocation is not practical.

LINCOLN PARK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due To/From Other Funds		
General Fund	Special Education Fund	\$ 437,302
General Fund	Nonmajor Governmental Funds	739,134
Total		<u>\$ 1,176,436</u>

Amounts due from other funds to the General Fund are for expenditures originally paid by the General Fund. All amounts due are scheduled to be repaid within one year.

<u>Transfer in</u>	<u>Transfer Out</u>	
Interfund Transfers		
Nonmajor Governmental Funds	General Fund	<u>\$ 757,726</u>

Interfund transfers from the General Fund are made to cover excess expenditures in certain Special Revenue Funds.

NOTE 7 – NOTE PAYABLE

The note payable provides financing for governmental activities. In December 2006, the School District issued State Aid Anticipation Notes in the amount of \$2,000,000. This debt was issued for interim financing of General Fund operations. In August 2007, the School District repaid the note plus \$53,333 in interest at a rate of 4.0%.

The following is a summary of changes in short-term debt for the year ended June 30, 2007:

Balance, July 1, 2006	\$ 4,000,000
Increases	2,000,000
Decreases	<u>(4,000,000)</u>
Balance, June 30, 2007	<u>\$ 2,000,000</u>

LINCOLN PARK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 8 – LONG-TERM DEBT

The School District issues bonds, notes and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences and workers' compensation liability. Long-term obligation activity can be summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds	\$ 36,765,000	\$ 10,600,000	\$ 12,385,000	\$ 34,980,000	\$ 1,280,000
Other Obligations					
Compensated Absences	210,163	514	-	210,677	12,500
Workers' Compensation	110,000	-	-	110,000	-
Durant Settlement	647,967	-	-	647,967	-
Total	<u>\$ 37,733,130</u>	<u>\$ 10,600,514</u>	<u>\$ 12,385,000</u>	<u>\$ 35,948,644</u>	<u>\$ 1,292,500</u>

Annual debt service requirements to maturity for the above governmental bond obligations are as follows:

LINCOLN PARK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 8 - LONG-TERM DEBT (Continued)

1998 REFUNDING

<u>DATE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>RATE</u>	<u>ANNUAL DEBT SERVICE REQUIREMENT</u>
11/1/2007	\$ -	\$ 609,571		
5/1/2008	1,215,000	609,571	4.70%	\$ 2,434,142
11/1/2008	-	581,019		
5/1/2009	1,270,000	581,019	4.80%	2,432,038
11/1/2009	-	550,539		
5/1/2010	1,335,000	550,539	4.85%	2,436,078
11/1/2010	-	518,165		
5/1/2011	1,400,000	518,165	4.95%	2,436,330
11/1/2011	-	483,515		
5/1/2012	1,470,000	483,515	5.05%	2,437,030
11/1/2012	-	446,398		
5/1/2013	1,545,000	446,398	5.10%	2,437,796
11/1/2013	-	407,000		
5/1/2014	1,620,000	407,000	5.00%	2,434,000
11/1/2014	-	366,500		
5/1/2015	1,700,000	366,500	5.00%	2,433,000
11/1/2015	-	324,000		
5/1/2016	75,000	324,000	5.00%	723,000
11/1/2016	-	322,125		
5/1/2017	80,000	322,125	5.00%	724,250
11/1/2017	-	320,125		
5/1/2018	85,000	320,125	5.00%	725,250
11/1/2018	-	318,000		
5/1/2019	90,000	318,000	5.00%	726,000
11/1/2019	-	315,750		
5/1/2020	95,000	315,750	5.00%	726,500
11/1/2020	-	313,375		
5/1/2021	2,500,000	313,375	5.00%	3,126,750
11/1/2021	-	250,875		
5/1/2022	2,620,000	250,875	5.00%	3,121,750
11/1/2022	-	185,375		
5/1/2023	2,750,000	185,375	5.00%	3,120,750
11/1/2023	-	116,625		
5/1/2024	2,890,000	116,625	5.00%	3,123,250
11/1/2024	-	44,375		
5/1/2025	1,775,000	44,375	5.00%	1,863,750
TOTALS	\$ 24,515,000	\$ 12,946,664		\$ 37,461,664

LINCOLN PARK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 8 - LONG-TERM DEBT (Continued)

2007 REFUNDING

<u>DATE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>RATE</u>	<u>ANNUAL DEBT SERVICE REQUIREMENT</u>
11/1/2007	\$ -	\$ 240,840		
5/1/2008	65,000	240,840	4.00%	\$ 546,680
11/1/2008	-	239,540		
5/1/2009	70,000	239,540	4.00%	549,080
11/1/2009	-	238,140		
5/1/2010	60,000	238,140	4.00%	536,280
11/1/2010	-	236,940		
5/1/2011	65,000	236,940	4.00%	538,880
11/1/2011	-	235,640		
5/1/2012	70,000	235,640	4.00%	541,280
11/1/2012	-	234,240		
5/1/2013	70,000	234,240	4.00%	538,480
11/1/2013	-	232,840		
5/1/2014	80,000	232,840	4.00%	545,680
11/1/2014	-	231,240		
5/1/2015	85,000	231,240	4.00%	547,480
11/1/2015	-	229,540		
5/1/2016	1,795,000	229,540	5.00%	2,254,080
11/1/2016	-	184,665		
5/1/2017	1,885,000	184,665	5.00%	2,254,330
11/1/2017	-	137,540		
5/1/2018	1,980,000	137,540	5.00%	2,255,080
11/1/2018	-	88,040		
5/1/2019	2,080,000	88,040	4.00%	2,256,080
11/1/2019	-	46,440		
5/1/2020	<u>2,160,000</u>	<u>46,440</u>	4.30%	<u>2,252,880</u>
TOTALS	\$ <u>10,465,000</u>	\$ <u>5,151,290</u>		\$ <u>15,616,290</u>

LINCOLN PARK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 8 - LONG-TERM DEBT (Continued)

<u>TOTAL</u>			
			ANNUAL DEBT SERVICE REQUIREMENT
<u>DATE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	
11/1/2007	\$ -	\$ 850,411	
5/1/2008	1,280,000	850,411	\$ 2,980,822
11/1/2008	-	820,559	
5/1/2009	1,340,000	820,559	2,981,118
11/1/2009	-	788,679	
5/1/2010	1,395,000	788,679	2,972,358
11/1/2010	-	755,105	
5/1/2011	1,465,000	755,105	2,975,210
11/1/2011	-	719,155	
5/1/2012	1,540,000	719,155	2,978,310
11/1/2012	-	680,638	
5/1/2013	1,615,000	680,638	2,976,276
11/1/2013	-	639,840	
5/1/2014	1,700,000	639,840	2,979,680
11/1/2014	-	597,740	
5/1/2015	1,785,000	597,740	2,980,480
11/1/2015	-	553,540	
5/1/2016	1,870,000	553,540	2,977,080
11/1/2016	-	506,790	
5/1/2017	1,965,000	506,790	2,978,580
11/1/2017	-	457,665	
5/1/2018	2,065,000	457,665	2,980,330
11/1/2018	-	406,040	
5/1/2019	2,170,000	406,040	2,982,080
11/1/2019	-	362,190	
5/1/2020	2,255,000	362,190	2,979,380
11/1/2020	-	313,375	
5/1/2021	2,500,000	313,375	3,126,750
11/1/2021	-	250,875	
5/1/2022	2,620,000	250,875	3,121,750
11/1/2022	-	185,375	
5/1/2023	2,750,000	185,375	3,120,750
11/1/2023	-	116,625	
5/1/2024	2,890,000	116,625	3,123,250
11/1/2024	-	44,375	
5/1/2025	1,775,000	44,375	1,863,750
TOTALS	\$ 34,980,000	\$ 18,097,954	\$ 53,077,954

LINCOLN PARK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 8 - LONG-TERM DEBT (Continued)

Outstanding bonds from 1996 issue are considered defeased and are not included in the District's general purpose financial statements.

DURANT SETTLEMENT

The \$647,967 of 1998 Durant bonds is due in annual installments of \$61,073 - \$379,148 through May 15, 2013.

<u>DATE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>ANNUAL DEBT SERVICE REQUIREMENT</u>
5/15/08	\$ -	\$ -	\$ -
5/15/09	61,073	15,991	77,064
5/15/10	63,978	13,083	77,061
5/15/11	379,148	138,621	517,769
5/15/12	70,213	6,845	77,058
5/15/13	<u>73,555</u>	<u>3,502</u>	<u>77,057</u>
TOTALS	\$ <u>647,967</u>	\$ <u>178,042</u>	\$ <u>826,009</u>

LINCOLN PARK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 8 – LONG-TERM DEBT (Continued)

Governmental Activities

General obligation bonds consist of the following:

1998 refunding bonds due in annual installments of \$75,000 to \$2,890,000 through May 1, 2025; interest at 4.70% to 5.00%	\$ 24,515,000
2007 refunding bonds due in annual installments of \$65,000 to \$2,160,000 through May 1, 2020; interest at 4.00% to 5.00%	<u>10,465,000</u>
Total	<u>\$ 34,980,000</u>

Other governmental activities long-term obligations include:

1998 Durant bonds due in annual installments of \$61,073 to \$379,148 through May 15, 2013; interest at 3.30% to 4.75%	\$ 647,967
Employee compensated absences	210,677
Workers' compensation liability	<u>110,000</u>
Total	<u>\$ 968,644</u>

Annual debt service requirements to maturity for the above governmental and Durant bond obligations are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 1,280,000	\$ 1,700,823	\$ 2,980,823
2009	1,401,073	1,657,108	3,058,181
2010	1,458,978	1,590,441	3,049,419
2011	1,844,148	1,648,831	3,492,979
2012	1,610,213	1,445,155	3,055,368
2013-2017	9,008,555	5,960,597	14,969,152
2018-2022	11,610,000	3,580,290	15,190,290
2023-2025	<u>7,415,000</u>	<u>692,750</u>	<u>8,107,750</u>
	<u>\$ 35,627,967</u>	<u>\$ 18,275,995</u>	<u>\$ 53,903,962</u>

LINCOLN PARK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 8 – LONG-TERM DEBT (Continued)

Current Year's Debt Defeasance

On January 23, 2007, the School District escrowed \$10,885,631 to advance refund the 1997 Refunding Bonds with interest rates ranging from 4.0% to 5.0% and a par value of \$10,600,000. The escrow amount was used to pay bond defeasance costs of \$108,446 and to purchase U.S. government securities in which those securities were deposited in an irrevocable trust with the escrow agent until the 1997 Refunding Bonds are due. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the School District's district-wide financial statements.

As a result of the advance refunding, the School District reduced its total debt by \$405,000, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$690,786.

Prior Years' Debt Defeasance

In prior years, the School District has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability. As of June 30, 2007, the amount of defeased debt outstanding but removed as a liability is approximately \$34,000,000.

NOTE 9 – CAPITAL PROJECTS FUND

The Capital Projects Fund records capital project activities funded with the Sinking Fund millage. For these funds, the School District has complied with the applicable provisions of Section 1212(1) of the Revised School Code and the applicable section of the Revised Bulletin for School District Audits of Bonded Construction Funds and Sinking Funds in Michigan.

NOTE 10 – RISK MANAGEMENT

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation) as well as medical benefits provided to employees. The School District has purchased commercial insurance policies to satisfy any claims related to general liability, vehicle liability, property and casualty, athletic participation, student injury, employee health and accident, workers' compensation, errors and omissions and a builders risk policy (bond construction program). The General Fund accounts for all risk-financing activity except the bond program builders risk policy.

During the year ended June 30, 2007, there was no significant reduction in insurance coverage in any of the risk categories mentioned above. Additionally, the School District has had no settlements more than insurance coverage during any of the past three fiscal years.

The School District entered into an Administrative Services Contract (ASC) with Blue Cross and Blue Shield of Michigan (BCBSM) on October 1, 1998. ASC is a financing mechanism that allows the School District to self-fund the cost of health insurance, yet still retain all services and advantages of a traditional BCBSM third-party administration of plan benefits.

LINCOLN PARK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 10 – RISK MANAGEMENT (Continued)

The School District is self-insured for health insurance up to \$75,000 per contract. An independent carrier insures the School District for excess health claims over and above the afore-mentioned limits. The School District maintains a deposit with Blue Cross Blue Shield of Michigan (a third-party administrator) that processes, approves and pays claims submitted by or on behalf of School District employees. The deposit is reported in the General Fund. For the year ended June 30, 2007, the School District made average monthly deposits of \$285,878 against claims. Claims expenditures are funded through budgetary appropriations of the General Fund and those Special Revenue Funds that incur claims liabilities. A reconciliation of claims liability, reported in the General Fund follows:

<u>Fiscal Year</u>	<u>Beginning Fiscal Year Reserve</u>	<u>Claims and Changes in Estimates</u>	<u>Reimbursements to Paying Agent</u>	<u>Ending Fiscal Year Reserve</u>
2005-06	\$ 2,709,661	\$ 4,543,387	\$ 3,772,180	\$ 3,480,868
2006-07	3,480,868	5,634,436	4,487,456	4,627,848

The School District also entered into an agreement with Express Scripts, Inc. on November 1, 2005 to administer the School District's self-insurance program for prescriptions. There is no limit on the School District's liability to pay for prescription costs incurred, for which the School District is billed monthly. The average monthly cost for the year ended June 30, 2007 was \$88,077. School District management believes the School District's reserve described above also adequately covers unbilled prescription costs.

NOTE 11 – LITIGATION AND CONTINGENCIES

The School District is the recipient of several Federal and State Grant programs. The expenditures for each program are subject to audit for technical compliance by an appropriate agency. In the event such audit procedures indicate that the School District is not in compliance, the Federal government could require repayment of funds to the grantor(s). In the opinion of management, such repayment, if any, is not likely to be material.

NOTE 12 – DEFINED BENEFIT PENSION PLAN AND POST RETIREMENT BENEFITS

Plan Description - The School District participates in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. The system provides retirement, survivor and disability benefits to plan members and their beneficiaries. MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the system at P.O. Box 30171, Lansing, MI 48909-7671 or is available on the Office of Retirement Services (ORS) Web site <http://www.michigan.gov/ors>.

Funding Policy - Employer contributions to the system result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis.

LINCOLN PARK PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 12 – DEFINED BENEFIT PENSION PLAN AND POST RETIREMENT BENEFITS (Continued)

The pension benefit rate is 16.34 percent for the period July 1, 2006 through September 30, 2006 and 17.74 percent for the period October 1, 2006 through June 30, 2007 of the covered payroll. Basic plan members make no contributions, but Member Investment Plan members contribute at rates ranging from 3 percent to 4.3 percent of gross wages. The School District's contributions to the MPSERS plan for the years ended June 30, 2007, 2006 and 2005 were \$5,542,965, \$5,229,986 and \$4,269,638, respectively.

Post Employment Benefits - Under the MPSERS Act, all retirees participating in the MPSERS Pension Plan have the option of continuing health, dental and vision coverage. Retirees having these coverages contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverages. Required contributions for post employment health care benefits are included as part of the School District's total contribution to the MPSERS plan discussed above.

NOTE 13 – PROPERTY TAXES

The following is a summary of the taxes levied and receivable for the year ended June 30, 2007:

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND
LEVY	\$ 3,703,710	\$ 3,728,696	\$ 1,079,014
COLLECTION	<u>3,350,726</u>	<u>3,476,235</u>	<u>1,005,885</u>
DELINQUENT	<u>\$ 352,984</u>	<u>\$ 252,461</u>	<u>\$ 73,129</u>

NOTE 14 – SUBSEQUENT EVENTS

On August 20, 2007, the School District borrowed \$3,000,000 on a state aid anticipation note through the Michigan Municipal Bond Authority. The note is payable at an annual interest rate of 3.68% and is due on August 20, 2008.

REQUIRED SUPPLEMENTAL INFORMATION

LINCOLN PARK PUBLIC SCHOOLS

REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUE				
Local Sources	\$ 4,239,555	\$ 4,712,712	\$ 4,862,069	\$ 149,357
State Sources	34,649,540	32,420,075	33,212,737	792,662
Federal Sources	40,000	15,000	7,397	(7,603)
Total General Fund Revenue	<u>38,929,095</u>	<u>37,147,787</u>	<u>38,082,203</u>	<u>934,416</u>
EXPENDITURES				
Instruction				
Basic Programs	22,151,857	21,997,114	21,518,601	478,513
Added Needs	<u>3,822,351</u>	<u>3,892,464</u>	<u>3,966,041</u>	<u>(73,577)</u>
Total Instruction	<u>25,974,208</u>	<u>25,889,578</u>	<u>25,484,642</u>	<u>404,936</u>
Support				
Pupil	788,481	2,382,731	2,251,192	131,539
Instructional Staff	3,088,194	1,462,074	1,361,729	100,345
General Administration	1,097,056	1,105,811	995,332	110,479
School Administration	2,607,625	2,543,130	2,456,345	86,785
Business Services	501,056	643,156	587,825	55,331
Maintenance and Operations	7,682,968	7,223,232	6,445,942	777,290
Transportation Services	752,000	790,000	869,000	(79,000)
Personnel	-	49,600	39,900	9,700
Data Processing	395,712	65,500	64,310	1,190
Other	<u>302,079</u>	<u>11,000</u>	<u>-</u>	<u>11,000</u>
Total Supporting Services	<u>17,215,171</u>	<u>16,276,234</u>	<u>15,071,575</u>	<u>1,204,659</u>
Total General Fund Expenditures	<u>43,189,379</u>	<u>42,165,812</u>	<u>40,556,217</u>	<u>1,609,595</u>
Excess Expenditures	<u>(4,260,284)</u>	<u>(5,018,025)</u>	<u>(2,474,014)</u>	<u>2,544,011</u>
OTHER FINANCING SOURCES (USES)				
Transfer to Other Districts	(150,000)	-	-	-
Operating Transfers Out	(743,760)	(799,397)	(757,726)	41,671
Indirect Cost Allocation	<u>750,358</u>	<u>1,120,031</u>	<u>1,142,243</u>	<u>22,212</u>
Total Other Financing Sources (Uses)	<u>(143,402)</u>	<u>320,634</u>	<u>384,517</u>	<u>63,883</u>
Excess Revenue and Other Sources (Expenditures and Other Uses)	<u>\$ (4,403,686)</u>	<u>\$ (4,697,391)</u>	<u>(2,089,497)</u>	<u>\$ 2,607,894</u>
FUND BALANCE, Beginning			<u>5,717,875</u>	
FUND BALANCE, Ending			<u>\$ 3,628,378</u>	

See notes to financial statements.

LINCOLN PARK PUBLIC SCHOOLS
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - SPECIAL EDUCATION FUND
FOR THE YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUE				
Local Sources	\$ 5,479,258	\$ 5,158,243	\$5,337,079	\$ 178,836
State Sources	1,443,887	1,887,197	1,887,197	-
Total Special Education Fund Revenue	6,923,145	7,045,440	7,224,276	178,836
EXPENDITURES				
Instruction				
Basic Programs	3,620,496	3,630,125	3,915,854	(285,729)
Support				
Salaries	1,735,974	1,665,473	1,621,003	44,470
Employee Benefits	584,955	766,772	682,561	84,211
Purchased Services	31,400	31,800	20,349	11,451
Supplies and Materials	18,900	17,975	8,234	9,741
Total Supporting Services	2,371,229	2,482,020	2,332,147	149,873
Total Special Education Fund Expenditures	5,991,725	6,112,145	6,248,001	(135,856)
Excess Revenue	931,420	933,295	976,275	42,980
OTHER FINANCING SOURCES (USES)				
Indirect Cost Allocation	(931,420)	(933,295)	(976,275)	(42,980)
Excess Revenue and Other Sources (Expenditures and Other Uses)	\$ -	\$ -	-	\$ -
FUND BALANCE, Beginning			-	
FUND BALANCE, Ending			\$ -	

See notes to financial statements.

OTHER SUPPLEMENTAL INFORMATION

LINCOLN PARK PUBLIC SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2007

	<u>SPECIAL REVENUE FUNDS</u>			<u>CAPITAL</u>	<u>TOTAL NONMAJOR</u>
	<u>ATHLETICS</u>	<u>CAFETERIA</u>	<u>FUNDED PROJECTS</u>	<u>PROJECTS FUND</u>	<u>GOVERNMENTAL FUNDS</u>
ASSETS					
Cash and Cash Equivalents	\$ -	\$ 237,782	\$ -	\$ 35	\$ 237,817
Investments	-	-	-	1,037,667	1,037,667
Receivables					
Property Taxes	-	-	-	73,129	73,129
Due From Other					
Governmental Units	-	46,357	689,908	-	736,265
Due From Other Funds	7,537	51,123	-	-	58,660
Other	-	2,708	-	5,761	8,469
Inventory	-	67,649	-	-	67,649
TOTAL ASSETS	<u>\$ 7,537</u>	<u>\$ 405,619</u>	<u>\$ 689,908</u>	<u>\$ 1,116,592</u>	<u>\$ 2,219,656</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 7,537	\$ 51	\$ 29,557	\$ -	\$ 37,145
Due to Other Governmental Units	-	-	-	-	-
Due to Other Funds	-	-	660,351	137,443	797,794
Deferred Revenue	-	53,580	-	-	53,580
Total Liabilities	<u>7,537</u>	<u>53,631</u>	<u>689,908</u>	<u>137,443</u>	<u>888,519</u>
FUND BALANCES					
Reserved for Investment in					
Capital Assets	-	-	-	979,149	979,149
Unreserved and Undesignated	-	351,988	-	-	351,988
Total Fund Balances	<u>-</u>	<u>351,988</u>	<u>-</u>	<u>979,149</u>	<u>1,331,137</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 7,537</u>	<u>\$ 405,619</u>	<u>\$ 689,908</u>	<u>\$ 1,116,592</u>	<u>\$ 2,219,656</u>

See notes to financial statements.

LINCOLN PARK PUBLIC SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

SPECIAL REVENUE FUNDS

				CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	<u>ATHLETICS</u>	<u>CAFETERIA</u>	<u>FUNDED PROJECTS</u>		
REVENUE					
Local Sources	\$ 25,789	\$ 559,663	\$ 26,300	\$ 1,150,560	\$ 1,762,312
State Sources	-	99,868	1,862,725	-	1,962,593
Federal Sources	-	1,085,271	2,718,810	-	3,804,081
Total Revenue	<u>25,789</u>	<u>1,744,802</u>	<u>4,607,835</u>	<u>1,150,560</u>	<u>7,528,986</u>
EXPENDITURES					
Instruction					
Basic Instruction	-	-	835,510	-	835,510
Added Needs	-	-	1,947,155	-	1,947,155
Total Instruction	-	-	<u>2,782,665</u>	-	<u>2,782,665</u>
Support - Business					
Salaries	-	488,224	-	-	488,224
Benefits	-	229,340	-	-	229,340
Purchased Services	-	41,547	-	-	41,547
Supplies and Materials	-	800,320	-	-	800,320
Capital Outlay	-	76,889	-	-	76,889
Other Expense	-	582	-	-	582
Support - Other					
Salaries	313,853	-	1,156,115	-	1,469,968
Benefits	112,547	-	475,620	-	588,167
Purchased Services	135,107	-	176,918	-	312,025
Supplies and Materials	45,907	-	63,597	-	109,504
Capital Outlay	6,701	-	33,197	-	39,898
Other Expense	30,226	-	7,797	-	38,023
Purchased Services	-	-	-	2,420	2,420
Capital Outlay	-	-	-	994,000	994,000
Other Expenses	-	-	-	9,086	9,086
Total Support	<u>644,341</u>	<u>1,636,902</u>	<u>1,913,244</u>	<u>1,005,506</u>	<u>5,199,993</u>
Total Expenditures	<u>644,341</u>	<u>1,636,902</u>	<u>4,695,909</u>	<u>1,005,506</u>	<u>7,982,658</u>
Excess Revenue (Expenditures)	<u>(618,552)</u>	<u>107,900</u>	<u>(88,074)</u>	<u>145,054</u>	<u>(453,672)</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfer In	618,552	-	139,174	-	757,726
Indirect Cost Allocation	-	(114,868)	(51,100)	-	(165,968)
Total Other Financing Sources (Uses)	<u>618,552</u>	<u>(114,868)</u>	<u>88,074</u>	-	<u>591,758</u>
Excess Revenue and Other Sources (Expenditures and Other Uses)	-	(6,968)	-	145,054	138,086
FUND BALANCE, Beginning of Year	-	<u>358,956</u>	-	<u>834,095</u>	<u>1,193,051</u>
FUND BALANCE, End of Year	\$ -	\$ 351,988	\$ -	\$ 979,149	\$ 1,331,137

See notes to financial statements.

LINCOLN PARK PUBLIC SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
GENERAL FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

Cash and Cash Equivalents	\$ 1,458,071
Investments	8,262,597
Receivables	
Property Taxes	352,984
Due From Other Governmental Units	6,106,055
Due From Other Funds	1,176,436
Other	46,828
Inventory	<u>46,160</u>

TOTAL ASSETS	<u>\$ 17,449,131</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 995,903
Accrued Payroll and Related Liabilities	9,791,942
Other Liabilities	958,088
Deferred Revenue	74,820
Note Payable	<u>2,000,000</u>
 Total Liabilities	 13,820,753

FUND BALANCE

Unreserved and Undesignated	<u>3,628,378</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 17,449,131</u>
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See notes to financial statements.

LINCOLN PARK PUBLIC SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
GENERAL FUND
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2007

FUND BALANCE, Beginning of Year	<u>\$ 5,717,875</u>
Total Revenue	39,224,446
Total Expenditures	<u>41,313,943</u>
Excess Expenditures	<u>(2,089,497)</u>
FUND BALANCE, End of Year	<u>\$ 3,628,378</u>

See notes to financial statements.

LINCOLN PARK PUBLIC SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
GENERAL FUND

STATEMENT OF REVENUE - FINAL BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUE FROM LOCAL SOURCES			
Property Tax Related	\$ 3,775,555	\$ 3,756,597	\$ (18,958)
Tuition	-	50,435	50,435
Investment Income	550,000	580,224	30,224
Other Local Revenues	<u>387,157</u>	<u>474,813</u>	<u>87,656</u>
Total Local Revenue	4,712,712	4,862,069	149,357
REVENUE FROM STATE SOURCES			
Total State Revenue	32,420,075	33,212,737	792,662
REVENUE FROM FEDERAL SOURCES			
Total Federal Sources	15,000	7,397	(7,603)
REVENUE FROM OTHER FINANCING SOURCES			
Indirect Cost Allocation	<u>1,120,031</u>	<u>1,142,243</u>	<u>22,212</u>
TOTAL REVENUE AND OTHER FINANCING SOURCES	<u>\$ 38,267,818</u>	<u>\$ 39,224,446</u>	<u>\$ 956,628</u>

See notes to financial statements.

LINCOLN PARK PUBLIC SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
GENERAL FUND

STATEMENT OF EXPENDITURES - FINAL BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>FINAL</u> <u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
INSTRUCTION			
BASIC PROGRAMS			
ELEMENTARY			
Salaries	\$ 8,812,399	\$ 8,521,874	\$ 290,525
Employee Benefits	3,744,727	3,750,591	(5,864)
Purchased Services	197,310	202,016	(4,706)
Supplies and Materials	272,945	187,797	85,148
Capital Outlay	8,000	7,764	236
Other Expenses	12,800	12,800	-
Other Modifications	172,672	172,672	-
JUNIOR HIGH			
Salaries	2,497,029	2,472,946	24,083
Employee Benefits	1,098,483	1,159,492	(61,009)
Purchased Services	41,000	57,706	(16,706)
Utilities	1,000	945	55
Supplies and Materials	88,330	84,662	3,668
Capital Outlay	3,500	-	3,500
Other Expenses	1,725	1,725	-
Other Modifications	22,000	22,000	-
HIGH SCHOOL			
Salaries	3,171,000	3,083,768	87,232
Employee Benefits	1,294,211	1,326,938	(32,727)
Purchased Services	151,200	142,003	9,197
Supplies and Materials	188,043	106,971	81,072
Capital Outlay	169,000	163,718	5,282
Other Expenses	14,568	4,959	9,609
Other Modifications	20,000	20,000	-
OTHER BASIC PROGRAMS			
Supplies and Materials	15,172	15,254	(82)
Total Basic Programs	<u>21,997,114</u>	<u>21,518,601</u>	<u>478,513</u>

See notes to financial statements.

LINCOLN PARK PUBLIC SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
GENERAL FUND

STATEMENT OF EXPENDITURES - FINAL BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

(Continued)

	<u>FINAL</u> <u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
INSTRUCTION (Continued)			
ADDED NEEDS			
SPECIAL EDUCATION			
Salaries	\$ 1,706,994	\$ 1,660,018	\$ 46,976
Employee Benefits	743,496	730,116	13,380
Purchased Services	14,735	36,691	(21,956)
Supplies and Materials	17,815	16,888	927
Other Expenses	10,000	-	10,000
Other Modifications	125,000	203,960	(78,960)
VOCATIONAL EDUCATION			
Salaries	726,612	766,498	(39,886)
Employee Benefits	342,100	355,276	(13,176)
Purchased Services	21,150	7,534	13,616
Utilities	500	707	(207)
Supplies and Materials	142,398	146,749	(4,351)
Capital Outlay	500	440	60
Other Modifications	41,164	41,164	-
Total Added Needs	<u>3,892,464</u>	<u>3,966,041</u>	<u>(73,577)</u>
Total Instruction	<u>25,889,578</u>	<u>25,484,642</u>	<u>404,936</u>
SUPPORTING SERVICES			
PUPIL			
ATTENDANCE			
Salaries	133,889	106,759	27,130
Employee Benefits	95,783	81,376	14,407
Purchased Services	22,300	12,455	9,845
Supplies and Materials	3,500	2,652	848
Other Expenses	2,000	1,991	9
GUIDANCE			
Salaries	336,172	328,692	7,480
Employee Benefits	160,059	154,423	5,636
Purchased Services	6,000	4,593	1,407
Supplies and Materials	1,300	609	691

See notes to financial statements.

LINCOLN PARK PUBLIC SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
GENERAL FUND

STATEMENT OF EXPENDITURES - FINAL BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

(Continued)

	FINAL		VARIANCE
	BUDGET	ACTUAL	FAVORABLE
			(UNFAVORABLE)
SUPPORTING SERVICES (Continued)			
PUPIL (Continued)			
SUPPORT			
Salaries	\$ 1,079,699	\$ 1,062,479	\$ 17,220
Employee Benefits	466,566	428,899	37,667
Purchased Services	56,663	49,588	7,075
Supplies and Materials	15,100	12,204	2,896
Other Expenses	3,700	4,472	(772)
	<u>2,382,731</u>	<u>2,251,192</u>	<u>131,539</u>
Total Pupil			
INSTRUCTIONAL STAFF			
IMPROVEMENT OF INSTRUCTION			
Salaries	131,119	133,792	(2,673)
Employee Benefits	65,793	60,447	5,346
Purchased Services	25,872	5,402	20,470
Supplies and Materials	12,935	3,380	9,555
Capital Outlay	3,196	-	3,196
Other Expenses	40	-	40
LIBRARY			
Salaries	348,447	348,294	153
Employee Benefits	167,552	141,463	26,089
Supplies and Materials	50,000	35,753	14,247
Capital Outlay	7,500	-	7,500
SUPERVISORS/DIRECTORS			
Salaries	433,205	410,979	22,226
Employee Benefits	207,474	211,473	(3,999)
Purchased Services	6,581	7,529	(948)
Supplies and Materials	2,200	3,217	(1,017)
Other Expenses	160	-	160
	<u>1,462,074</u>	<u>1,361,729</u>	<u>100,345</u>
Total Instructional Staff			
GENERAL ADMINISTRATION			
Salaries	538,914	532,463	6,451
Employee Benefits	222,292	199,200	23,092
Purchased Services	278,205	227,300	50,905
Supplies and Materials	17,500	13,730	3,770
Capital Outlay	6,000	1,994	4,006
Other Expenses	42,900	20,645	22,255
	<u>1,105,811</u>	<u>995,332</u>	<u>110,479</u>
Total General Administration			

See notes to financial statements.

LINCOLN PARK PUBLIC SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
GENERAL FUND

STATEMENT OF EXPENDITURES - FINAL BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2007

(Continued)

	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
SUPPORTING SERVICES (Continued)			
SCHOOL ADMINISTRATION			
Salaries	\$ 1,746,597	\$ 1,644,954	\$ 101,643
Employee Benefits	749,218	776,375	(27,157)
Purchased Services	30,270	18,573	11,697
Supplies and Materials	13,175	12,573	602
Other Expenses	3,870	3,870	-
Total School Administration	<u>2,543,130</u>	<u>2,456,345</u>	<u>86,785</u>
BUSINESS SERVICES			
BUSINESS OFFICE			
Salaries	187,751	187,615	136
Employee Benefits	111,595	110,891	704
Purchased Services	25,900	9,440	16,460
Supplies and Materials	9,500	6,360	3,140
Capital Outlay	10,000	8,031	1,969
Other Expenses	3,000	1,455	1,545
OTHER BUSINESS			
Salaries	37,730	41,262	(3,532)
Employee Benefits	22,256	21,358	898
Purchased Services	22,572	22,357	215
Utilities	12,000	8,874	3,126
Supplies and Materials	1,000	-	1,000
Capital Outlay	2,000	991	1,009
Other Expenses	197,852	169,191	28,661
Total Business Services	<u>643,156</u>	<u>587,825</u>	<u>55,331</u>
MAINTENANCE AND OPERATIONS			
Salaries	3,041,892	2,927,718	114,174
Employee Benefits	1,872,803	1,682,530	190,273
Purchased Services	1,847,767	1,433,225	414,542
Utilities	67,500	49,238	18,262
Supplies and Materials	320,100	330,212	(10,112)
Capital Outlay	69,000	21,744	47,256
Other Expenses	4,170	1,275	2,895
Total Maintenance and Operations	<u>7,223,232</u>	<u>6,445,942</u>	<u>777,290</u>

See notes to financial statements.

LINCOLN PARK PUBLIC SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
GENERAL FUND

STATEMENT OF EXPENDITURES - FINAL BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2007

(Continued)

	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
SUPPORTING SERVICES (Continued)			
PUPIL TRANSPORTATION			
Purchased Services	\$ 790,000	\$ 869,000	\$ (79,000)
PERSONNEL			
Salaries	5,000	-	5,000
Employee Benefits	3,300	-	3,300
Purchased Services	41,300	39,900	1,400
Total Personnel	49,600	39,900	9,700
DATA PROCESSING			
Purchased Services	65,500	64,310	1,190
OTHER SUPPORTING SERVICES			
Employee Benefits	1,000	-	1,000
Purchased Services	10,000	-	10,000
Total Other Supporting Services	11,000	-	11,000
Total Supporting Services	16,276,234	15,071,575	1,204,659
OTHER FINANCING USES			
Operating Transfers Out	799,397	757,726	41,671
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 42,965,209	\$ 41,313,943	\$ 1,651,266

See notes to financial statements.

LINCOLN PARK PUBLIC SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
SPECIAL EDUCATION FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

Receivables	
Due From Other Governmental Units	<u>\$ 437,302</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to Other Funds	\$ 437,302
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FUND BALANCE

Unreserved and Undesignated	<u>-</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 437,302</u>
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See notes to financial statements.

LINCOLN PARK PUBLIC SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
SPECIAL EDUCATION

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
FINAL BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2007

	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUE			
Local Sources			
Other	\$ 5,158,243	\$ 5,337,079	\$ 178,836
State Sources	<u>1,887,197</u>	<u>1,887,197</u>	<u>-</u>
Total Revenue	<u>7,045,440</u>	<u>7,224,276</u>	<u>178,836</u>
EXPENDITURES			
Instruction			
Basic Instruction	<u>3,630,125</u>	<u>3,915,854</u>	<u>(285,729)</u>
Supporting Services			
Salaries	1,665,473	1,621,003	44,470
Employee Benefits	766,772	682,561	84,211
Purchased Services	31,800	20,349	11,451
Supplies and Materials	<u>17,975</u>	<u>8,234</u>	<u>9,741</u>
Total Supporting Services	<u>2,482,020</u>	<u>2,332,147</u>	<u>149,873</u>
Total Expenditures	<u>6,112,145</u>	<u>6,248,001</u>	<u>(135,856)</u>
Excess Revenue	933,295	976,275	42,980
OTHER FINANCING SOURCES (USES)			
Indirect Cost Allocation	<u>(933,295)</u>	<u>(976,275)</u>	<u>(42,980)</u>
Excess Revenue and Other Sources (Expenditures and Other Uses)	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE, Beginning of Year		<u>-</u>	
FUND BALANCE, End of Year		<u>\$ -</u>	

See notes to financial statements.

LINCOLN PARK PUBLIC SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2007

	<u>ATHLETICS</u>	<u>CAFETERIA</u>	<u>FUNDED</u>	<u>COMBINED</u>
	<u>FUND</u>	<u>FUND</u>	<u>PROJECTS</u>	<u>TOTAL</u>
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 237,782	\$ -	\$ 237,782
Receivables				
Due From Other Governmental Units	-	46,357	689,908	736,265
Due From Other Funds	7,537	51,123	-	58,660
Other	-	2,708	-	2,708
Inventory	-	67,649	-	67,649
TOTAL ASSETS	<u>\$ 7,537</u>	<u>\$ 405,619</u>	<u>\$ 689,908</u>	<u>\$ 1,103,064</u>

LIABILITIES AND FUND BALANCE

LIABILITIES				
Accounts Payable	\$ 7,537	\$ 51	\$ 29,557	\$ 37,145
Due to Other Governmental Units	-	-	-	-
Due to Other Funds	-	-	660,351	660,351
Deferred Revenue	-	53,580	-	53,580
Total Liabilities	<u>7,537</u>	<u>53,631</u>	<u>689,908</u>	<u>751,076</u>
FUND BALANCE				
Unreserved and Undesignated	-	351,988	-	351,988
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 7,537</u>	<u>\$ 405,619</u>	<u>\$ 689,908</u>	<u>\$ 1,103,064</u>

See notes to financial statements.

LINCOLN PARK PUBLIC SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
SPECIAL REVENUE FUNDS

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	ATHLETICS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUE			
Local Sources			
Cafeteria Receipts	\$ -	\$ -	\$ -
Booster Club and Gate Receipts	25,190	25,789	599
Other	-	-	-
Total Local Sources	25,190	25,789	599
State Sources	-	-	-
Federal Sources	-	-	-
Total Revenue	25,190	25,789	599
EXPENDITURES			
Instruction			
Basic Instruction	-	-	-
Added Needs	-	-	-
Total Instruction	-	-	-
Supporting Services			
Salaries	320,695	313,853	6,842
Employee Benefits	130,704	112,547	18,157
Purchased Services	136,586	135,107	1,479
Supplies and Materials	54,559	45,907	8,652
Capital Outlay	10,632	6,701	3,931
Other Expense	31,583	30,226	1,357
Total Supporting Services	684,759	644,341	40,418
Total Expenditures	684,759	644,341	40,418
Excess Revenue (Expenditures)	(659,569)	(618,552)	41,017
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	659,569	618,552	(41,017)
Indirect Cost Allocation	-	-	-
Total Other Financing Sources (Uses)	659,569	618,552	(41,017)
Excess Revenue and Other Sources (Expenditures and Other Uses)	\$ -	\$ -	\$ -
FUND BALANCE, Beginning of Year			
FUND BALANCE, End of Year		\$ -	

See notes to financial statements.

CAFETERIA			FUNDED PROJECTS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 588,500	\$ 515,653	\$ (72,847)	\$ -	\$ -	\$ -
-	-	-	-	-	-
94,500	44,010	(50,490)	130,410	26,300	(104,110)
683,000	559,663	(123,337)	130,410	26,300	(104,110)
98,657	99,868	1,211	1,887,194	1,862,725	(24,469)
899,158	1,085,271	186,113	2,723,434	2,718,810	(4,624)
1,680,815	1,744,802	63,987	4,741,038	4,607,835	(133,203)
-	-	-	907,746	835,510	72,236
-	-	-	1,956,040	1,947,155	8,885
-	-	-	2,863,786	2,782,665	81,121
540,730	488,224	52,506	1,164,718	1,156,115	8,603
268,785	229,340	39,445	474,325	475,620	(1,295)
57,044	41,547	15,497	227,766	176,918	50,848
847,950	800,320	47,630	66,380	63,597	2,783
75,000	76,889	(1,889)	33,197	33,197	-
3,710	582	3,128	7,700	7,797	(97)
1,793,219	1,636,902	156,317	1,974,086	1,913,244	60,842
1,793,219	1,636,902	156,317	4,837,872	4,695,909	141,963
(112,404)	107,900	220,304	(96,834)	(88,074)	8,760
-	-	-	139,828	139,174	(654)
(140,896)	(114,868)	26,028	(46,394)	(51,100)	(4,706)
(140,896)	(114,868)	26,028	93,434	88,074	(5,360)
\$ (253,300)	(6,968)	\$ 246,332	\$ (3,400)	-	\$ 3,400
	358,956			-	
\$ 351,988			\$ -		

LINCOLN PARK PUBLIC SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
CAPITAL PROJECTS FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

Cash and Cash Equivalents	\$ 35
Investments	1,037,667
Accounts and Interest Receivable	5,761
Taxes Receivable	<u>73,129</u>

TOTAL ASSETS	<u>\$ 1,116,592</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Due to Other Funds	\$ 137,443
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FUND BALANCE

Reserved for Investments in Capital Assets	<u>979,149</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,116,592</u>
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See notes to financial statements.

LINCOLN PARK PUBLIC SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
CAPITAL PROJECTS FUND

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUE			
Local Sources			
Property Tax Related	\$ 1,083,474	\$ 1,079,178	\$ (4,296)
Investment Income	65,000	71,382	6,382
Total Revenue	<u>1,148,474</u>	<u>1,150,560</u>	<u>2,086</u>
EXPENDITURES			
Purchased Services	2,500	2,420	80
Capital Outlay	627,553	994,000	(366,447)
Other Expenses	<u>1,635</u>	<u>9,086</u>	<u>(7,451)</u>
Total Expenditures	<u>631,688</u>	<u>1,005,506</u>	<u>(373,818)</u>
Excess Revenue	<u>\$ 516,786</u>	145,054	<u>\$ (371,732)</u>
FUND BALANCE, Beginning of Year		<u>834,095</u>	
FUND BALANCE, End of Year		<u>\$ 979,149</u>	

See notes to financial statements.

LINCOLN PARK PUBLIC SCHOOLS

OTHER SUPPLEMENTAL INFORMATION

STUDENT ACTIVITY FUND

SUMMARY OF CASH RECEIPTS AND DISBURSEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

<u>SCHOOLS</u>	DUE TO STUDENT AND OTHER SCHOOL GROUPS			DUE TO STUDENT AND OTHER SCHOOL GROUPS	
	<u>JULY 1, 2006</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>JUNE 30, 2007</u>	
Carr	\$ 8,563	\$ 11,446	\$ 8,643	\$	11,366
Foote	2,265	16,987	15,124		4,128
Foote - Library	217	351	417		151
Foote - Student Council	2,284	620	825		2,079
Hamilton - Student Council	610	827	1,164		273
Hoover	4,927	7,985	6,675		6,237
Keppen	8,911	22,977	24,699		7,189
Keppen Playground	1,444	-	-		1,444
Lafayette	11,093	25,272	28,623		7,742
Leblanc	1,456	38,149	32,596		7,009
Mixter	2,943	10,100	9,429		3,614
Paun	4,651	1,551	995		5,207
Raupp	11,044	21,332	28,506		3,870
Miscellaneous	5,694	-	552		5,142
Lincoln Park High School (Pages 58-60)	161,337	361,087	321,375		201,049
	<u>\$ 227,439</u>	<u>\$ 518,684</u>	<u>\$ 479,623</u>	<u>\$</u>	<u>266,500</u>

See notes to financial statements.

LINCOLN PARK PUBLIC SCHOOLS

OTHER SUPPLEMENTAL INFORMATION

LINCOLN PARK HIGH SCHOOL ACTIVITY FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

	<u>BALANCE</u>				<u>BALANCE</u>
	<u>JULY 1, 2006</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>		<u>JUNE 30, 2007</u>
8th Grade Football	\$ 100	\$ -	\$ -	\$	100
Academic Excellence	254	6,177	5,627		804
All Night Party	-	5,025	1,983		3,042
Alumni Memorial	3,783	-	-		3,783
Alumni Reunion	41,333	2,458	40		43,751
Alumni Scholarship	6,148	13,073	11,375		7,846
Ara Glenn Avedian Scholarship	5,186	2,170	2,000		5,356
Ara's Café	1,252	12,732	8,345		5,639
Band	987	111	1,000		98
Baseball	575	275	540		310
Basketball	25	-	-		25
Building Trade	1,216	94	341		969
Bookstore	666	2,648	2,792		522
Boys' Swim Club	593	371	912		52
Business Professionals	287	-	10		277
CADD Activity	5,578	3,801	1,508		7,871
Cheerleaders	19	6,805	6,815		9
Christian Club	163	34	196		1
Class of 2001	840	-	-		840
Class of 2007	453	30,329	30,782		-
Class of 2008	1,435	3,244	3,983		696
Class of 2009	591	4,757	4,061		1,287
Class of 2010	-	3,504	3,148		356
Coca-Cola	1,732	33	-		1,765
Colonial Farm	349	200	90		459
Cross Country	829	2,793	2,827		795
D.E.C.A.	4,349	10,999	11,606		3,742
Deposit Fund	7,644	8,551	6,065		10,130
Field Trips	688	10,244	9,886		1,046
Fine Arts	74	2,607	2,582		99

See notes to financial statements.

LINCOLN PARK PUBLIC SCHOOLS

OTHER SUPPLEMENTAL INFORMATION

LINCOLN PARK HIGH SCHOOL ACTIVITY FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

(Continued)

	BALANCE				BALANCE
	<u>JULY 1, 2006</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>		<u>JUNE 30, 2007</u>
Football	\$ 583	\$ 7,862	\$ 8,073	\$	372
Foreign Language	727	1,072	534		1,265
Freshman Orientation	338	756	1,060		34
General	4,461	9,124	7,825		5,760
General Science Club	30	1,191	1,125		96
Girls' Basketball	85	3,597	1,186		2,496
Girls' Softball	1,244	2,693	1,565		2,372
Girls' Swim Club	1,149	-	1,149		-
Golf	-	880	740		140
Graphic Art	99	-	-		99
Hall of Fame	1,000	-	-		1,000
Hockey Team	1,348	7,348	8,364		332
Home Economics	833	-	-		833
Honors Convocation	200	-	-		200
ID Account	-	7,882	4,397		3,485
Intramural Music	2	-	-		2
J.V. Cheerleaders	-	1,272	1,272		-
J.V. Softball	975	-	-		975
Jim Hall Scholarship	-	500	15		485
Jr. High Swim Team	60	-	60		-
JROTC	4,149	7,047	5,929		5,267
Leadership Class	917	399	-		1,316
Library	306	2,714	1,630		1,390
LPHS Log	5,780	11,826	9,903		7,703
Marketing	385	4	-		389
MDE-Headstart	757	10,820	12,032		(455)
Middle School Activities	14,916	37,802	29,524		23,194
MS-Comm / Teachers Lounge	-	2,007	88		1,919
MSBO Scholarship	-	500	-		500
National Honor Society	3,156	11,209	10,699		3,666
Parenting	1,347	-	-		1,347
Physical Science	361	5,815	5,684		492
PPI Special Education - Goniea	62	-	-		62
PPI Special Education - Krausman	295	-	-		295

See notes to financial statements.

LINCOLN PARK PUBLIC SCHOOLS
OTHER SUPPLEMENTAL INFORMATION
LINCOLN PARK HIGH SCHOOL ACTIVITY FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

(Continued)

	<u>BALANCE</u> <u>JULY 1, 2006</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2007</u>
Quiz Bowl	\$ 8	\$ -	\$ -	\$ 8
Railsplitter	296	1,938	2,164	70
Rotary Interact	8	-	-	8
S.A.D.D.	592	-	-	592
S.E.L.L.	2,991	11,519	13,183	1,327
Social Studies	506	-	-	506
Special Education Fund	606	2,628	2,464	770
Special Education - Sobka	-	270	270	-
Sports Department	4	723	709	18
Staff Flower	50	215	241	24
Staff Play	7,848	10,880	8,208	10,520
Student Assistance	2,663	1,001	1,825	1,839
Student Council	4,061	20,854	20,150	4,765
Student Success (Athletic Club)	1,755	10,369	9,800	2,324
Theater Arts	6,438	9,323	9,954	5,807
VI Fund	-	182	-	182
VI Special Education	4,268	6,099	3,862	6,505
Vocal Music	926	106	1,031	1
Volleyball	758	9,816	9,258	1,316
Wrestling	45	7,314	6,393	966
Yearbook	(5,200)	495	495	(5,200)
	<u>\$ 161,337</u>	<u>\$ 361,087</u>	<u>\$ 321,375</u>	<u>\$ 201,049</u>

See notes to financial statements.